

Message Text

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PAGE 01 MOSCOW 00832 181424Z
ACTION EUR-12

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LIMITED OFFICIAL USE MOSCOW 0832

USDOC FOR BEWT/TDAD (STECHSCHULTE) AND BEWT/USSR (HEISS)

E.O. 11652: N/A
TAGS: EIND, UR
SUBJECT: PULLMAN/USSR KAMAZ CONTRACT

1. TWO PULLMAN TECHNICIANS WORKING ON-SITE AT KAMAZ TRUCK PLANT FOUNDRY TOLD COMOFF JANUARY 16 THAT SOVIETS ARE OVER ONE MILLION DOLLARS BEHIND IN PAYMENTS TO PULLMAN FOR PLANT DESIGN SERVICES. (PULLMAN STILL HAS ABOUT FIFTEEN ENGINEERS WORKING AT KAMAZ.) ALTHOUGH SOURCES REPORTED THAT NO RPT NO NOTIFICATION HAS BEEN MADE YET IN WRITING, PULLMAN OFFICIALS HAVE VERBALLY TOLD SOVIETS THAT IF PAYMENT IS NOT FORTHCOMING COMPANY WILL BEGIN WITHDRAWING PERSONNEL. SOURCES COULD NOT RPT NOT ACCOUNT FOR SOVIET NON-PAYMENT, BUT STATED THAT AS FAR AS THEY KNEW THERE HAVE BEEN NO RPT NO MAJOR COMPLAINTS FROM SOVIETS ABOUT PULLMAN PERFORMANCE.

2. STATUS OF FOUNDRY CONSTRUCTION AND OPERATION. AS WASHINGTON AGENCIES AWARE, PULLMAN HAS DESIGN CONTRACT FOR GRAY IRON, STEEL, AND NON-FERROUS MELTING PLANTS AND FOUNDRIES AT KAMAZ. PULLMAN TECHNICIANS REPORTED PRODUCTION LINES NOW OPERATING AT ABOUT TWO-THIRDS CAPACITY AND STEEL FOUNDRY IS EXPERIENCING LIMITED OFFICIAL USE

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DIFFICULTIES WITH "GATES AND RISERS." AUTOMATIC SEPARATING AND GRINDING EQUIPMENT HAS ALSO BEEN MALFUNCTIONING. AS A RESULT, CASTINGS HAVE TO BE BROKEN OFF AND GROUND DOWN MANUALLY. NEVERTHELESS, KAMAZ HAS ACHIEVED OUTPUT OF 100 TRUCKS PER DAY, ALTHOUGH SPARE PARTS SITUATION REMAINS CRITICAL. IN GRAY IRON FOUNDRY, ENGINE BLOCK CASTING LINES ARE TURNING OUT AS MUCH AS 60 PERCENT REJECTS, ACCORDING

TO OUR SOURCES. TECHNICIANS RECOUNTED OFTEN-HEARD STORY ABOUT
UNSKILLED SOVIET WORKERS PLACED ON OPERATING LINES TO BE TRAINED
WITH PREDICTABLE RESULT OF HIGHLY INEFFICIENT PRODUCTION
AND WASTE OF PHYSICAL RESOURCES.

3. ON SITE LIVING CONDITIONS: SOURCES CITED NO RPT NO UNUSUAL
DIFFICULTIES.
MATLOCK

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